



# DHCD WINTER NEWSLETTER

Massachusetts Department of Housing and Community Development

December 2014

## A Message from Governor Patrick



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Dear Friends,

I want to take this opportunity to thank you for your grit and determination, the patience you have shown in teaching me about what is really involved in your work, and your creativity and action.

I urge you to serve the next Administration as well as you have this one. Urge them to listen to you and learn from you, be as patient with them as you have been with me, and encourage them to set ambitious goals. When you are debating the wisdom of this or that investment, or the merits of this or that policy choice, remind them that there is a human being behind their decisions –who, in most cases, just wants a little help to help themselves.

It's been an honor to serve with you.

Thank you.

A handwritten signature in black ink, which appears to read "Deval Patrick".

-Deval L. Patrick  
Governor of the Commonwealth

## A Message from Undersecretary Gornstein

Dear colleagues,

I want to express my sincere gratitude to Governor Patrick and Secretary Bialecki for giving me this unique opportunity to serve as Undersecretary of DHCD for the past three years. It has been a rewarding experience.

With the hard work and commitment of the DHCD staff and our local and regional partners, we have much to be proud of. We have expanded affordable housing production, preserved expiring use properties, revitalized and reformed state public housing, comprehensively addressed homelessness, advanced community planning and development, expanded rental assistance, and much more. And this year, we reached an important milestone during the Patrick Administration: 22,000 affordable housing units created in every region of the state since 2007.

Over the past two years we have focused on improving the efficiency of our existing programs while launching new ones. Some of our newer initiatives include: Supportive Housing; Secure Jobs; Learning, Employment, and Assets Program (MassLEAP); High Leverage Asset Preservation Program (HILAPP); expansion of MRVP and RAFT; Planning Assistance Toward Housing (PATH); Massachusetts Homeownership Compact; Housing Development Incentive Program (HDIP); Social Innovation Financing (SIF); Community Investment Tax Credit Program (CITC); project-basing of federal Enhanced Vouchers; a centralized waiting list for public housing; and much more.

None of these achievements would have been possible without the active engagement of our diverse stakeholder groups.

Thank you for your involvement in helping to shape and implement our policies and programs. And thank you for all that you do to improve the lives of low and moderate income residents in our state.

-Aaron Gornstein

Undersecretary for Housing and Community Development

## Supportive Housing Progress

In 2012, Governor Patrick announced a goal of creating 1,000 new units of supportive housing across the Commonwealth by December 2015. To reach this goal, 18 state agencies signed a MOU to improve existing processes, make recommendations for new, collaborative efforts and develop a long-range action plan to meet the need for supportive housing across the Commonwealth.

Supportive housing helps individuals and families that are homeless or facing homelessness, institutionalized or at-risk of institutionalization, people with disabilities and the elderly. In addition to providing housing for families, supportive housing, which is operated in conjunction with a network of non-profit agencies across the Commonwealth, can include services such as childcare, access to job training, mental health care and other opportunities that give participants a hand up towards stability and success.

As of March 2014, the Patrick Administration had reached this goal over a year early, and has awarded funds for 1,200 units to date. A broad-based Steering Committee and Working Group have completed a progress report for 2014 and recommended action steps for 2015.

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*"I feel blessed to be a part of this opportunity. I want to show my children and my family that anything is possible as long as you are determined."*

*-Marie Jose Alphonse*

*"My daughter will be graduating high school this year. I want to be an example of why college is so important. Through Mass LEAP, I feel that I will have the help I need to be a college graduate."*

*- Iris Aponte*



**Somerville Housing Authority kicked off the Mass LEAP program with families and staff from its partners One Family Scholars, Somerville Community Corp. and The Neighborhood Developers.**

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## **Mass LEAP**

The Massachusetts Learning, Employment and Assets Program (Mass LEAP) began in August 2014 at five sites across the Commonwealth, and will provide 330 residents of state-assisted public housing and participants in the Mass Rental Voucher Program (MRVP) with targeted supports in post-secondary education, financial literacy and asset development and career

planning. The goal is to increase participants' earned income, and reduce dependence on rental assistance. Participants develop program plans identifying a path to increase their skills in all three areas and work to meet these goals over the five-year program.

Mass LEAP sites were selected in May 2014 following a competitive process. As part of the application, Housing Agencies selected partners from a network of pre-qualified service providers with years of experience in their areas of expertise. Mass LEAP sites include Somerville Housing Authority, Worcester Housing Authority, Boston Housing Authority and two regional consortia – Metro Boston with Metropolitan Boston Housing Partnership as lead agency working with Wattertown, Quincy and Braintree Housing Authorities; and Western Mass with HAP Housing as lead agency working with Holyoke, Northampton, Chicopee and Agawam Housing Authorities. Service providers include: Crittenden Women's Union, Jewish Vocational Services, Holyoke Community College, HAPHousing, and Compass Working Capital.

Mass LEAP was created in response to recommendations from the Governor's Commission on Public Housing Sustainability and Reform and in consultation with stakeholder input from a working group that included the Massachusetts Union of Public Housing Tenants, MassNAHRO, the Massachusetts Law Reform Institute, Inc., service providers and housing agencies.



**SECURE JOBS:** DHCD's Secure Jobs Initiative is a public-private partnership with the Paul and Phyllis Fireman Charitable Foundation that launched in 2013 to connect homeless and at-risk families with the necessary education, training, job placement and child care resources to provide career pathways and opportunities for long-term economic stability. The Foundation piloted this approach through partnerships across the state, serving the Boston, Merrimack Valley, South Shore, South Coast and Western Mass. regions. The Foundation also engaged DHCD, the Department of Transitional Assistance and the Department



April 23, 2014 - Governor Patrick announces \$1M for the Secure Jobs Initiative at Jewish Vocational Services. (Governor's Office)

of Early Education and Care in the development and oversight of the pilot. Each state agency has offered support to the partnerships to overcome service delivery barriers.

At the conclusion of the pilot year, 394 homeless families had gained employment. As a result, DHCD continued the program by awarding \$1 million from the Housing Preservation and Stabilization Trust Fund. In addition, the final FY15 state budget included a new \$500,000 line item for the Secure Jobs Initiative, allowing DHCD to expand services in the existing regions and to support a new partnership in Worcester County. Since May, DHCD funding has assisted 145 homeless and at-risk families in obtaining employment.

Secure Jobs participants are selected through referrals from DHCD's Emergency Assistance, HomeBASE and RAFT programs. Once accepted into the program, applicants are placed into a service track based on their individual needs. They receive a personalized mix of job readiness, training and job placement services. Once someone is placed into employment, Secure Jobs providers offer job retention services to help participants maintain employment or seek new employment as necessary. In addition, participants in need of child care are connected to available resources to ensure they are able to work when employment opportunities arise.

Community Teamwork, Inc.	\$310,000
Father Bill's & MainSpring	\$172,669
HAP Housing	\$310,000
Jewish Vocational Services	\$310,000
SER Jobs for Progress	\$194,351
Worcester Community Action Council	\$200,000

**PUBLIC HOUSING REFORM:** Undersecretary Gornstein recently addressed the Mass-NAHRO fall conference to discuss the Patrick Administration's unprecedented commitment to public housing. In an effort to professionalize and modernize the operations and financial management of the Commonwealth's housing authorities, Governor Patrick signed "An Act Relative to Local Housing Authorities" in August. The legislation is designed to strengthen the governance structure of the housing authority system in order to protect the safety net that public housing provides for the Commonwealth's most vulnerable families, seniors and persons with disabilities.

The legislation significantly increases the transparency among Local Housing Authorities (LHAs), provides DHCD with the tools necessary to monitor LHAs operations, increases efficiencies and economies of scale for delivery of services to tenants, increases staffing and assistance in the field and incentivizes LHAs to implement innovative practices to improve the lives of residents.

DHCD has formed five working groups to help implement changes in the following areas: training and technical assistance; performance; capital assistance teams; regional innovation pilot; and tenant services. In addition, DHCD has begun drafting regulations that will be necessary to implement these initiatives.

Working in partnership with our stakeholder groups, the Patrick Administration has doubled funding for both operating and capital subsidies, initiated a new formula funding system for capital improvements, assisted in the federalization of nearly 4,000 units, implemented comprehensive energy efficiency measures, brought 500 vacant units back online for habitation, implemented the MassLEAP and HILAPP Programs (described more in this newsletter), and designed a statewide online waiting list for state public housing to be piloted in early 2015.



August 6, 2014 - Governor Patrick signs H.4374, "An Act Relative to Local Housing Authorities," which will professionalize and modernize the operations and financial management of the Commonwealth's housing authorities. (Governor's Office)



**AFFORDABLE HOUSING PRESERVATION EFFORTS:** With the opening of Chapman Arms in Harvard Square in Cambridge, the Patrick Administration this November celebrated the first project completed under Chapter 40T.

Chapman Arms is a 50-unit building, consisting of 25 family housing units for low-income households that were at risk of expiring affordability, 25 market rate units and nearly 10,000 square feet of commercial space. Chapman Arms was the first project to take advantage of the crucial right of first offer mechanism under 40T. DHCD designated Homeowners Rehab, Inc. (HRI) as the developer to preserve its affordability for the long term. DHCD supported the project with over \$2.2 million in state housing subsidies and federal Low Income Housing Tax Credits.

Much of the Commonwealth's stock of affordable housing units built in the 1960s, 1970s and 1980s is facing the elimination of affordability restrictions when owners prepay their federally-subsidized mortgages, or opt out of their existing Section 8 rental subsidy contracts. In November 2009, Governor Patrick signed "An Act Preserving Publicly Assisted Affordable Housing," also known as 40T. This landmark legislation is helping preserve existing privately-owned affordable housing in Massachusetts. The legislation establishes notification provisions for tenants, a right of offer and right of first refusal for DHCD or its designee to purchase publicly assisted housing and modest tenant protections for projects with affordability restrictions that terminate. Chapter 40T has helped to preserve affordability in communities across the state, ensuring that families are able to stay in their homes and neighborhoods.

Because of Chapter 40T, since 2009, no project has lost affordability as a result of sale. Further, with the use of state resources, DHCD has helped to preserve more than 14,000 affordable units that were close to losing that status. DHCD has also processed 40T notices for 240 affordable housing projects with over 25,000 units of housing.

DHCD has also been working closely with the Community Economic Development Assistance Corporation (CEDAC) and our other quasi-public partners to track properties through a comprehensive database and to hold regular strategy meetings with the Preservation Advisory Committee.



Chapman Arms, the state's first project completed under Chapter 40T, is located in the heart of Harvard Square, Cambridge. (Massachusetts Housing Finance Agency)



December 2, 2014—Undersecretary Gornstein joins representatives of the Old Colony YMCA (OCY) and the City of Brockton at the dedication of OCY's Bolton Place facility. With its new building, OCY is able to increase its support and other services to 15 additional families in need. (DHCD)

**ADDRESSING HOMELESSNESS:** DHCD has been working with community and non-profit partners to decrease the number of families in hotels and motels through expanded prevention, case management, placement in permanent housing, and the funding of additional community shelter programs in which wraparound services and supports are available to families 24 hours per day. As a result, the number of homeless families in hotels and motels has dropped by more than 30 percent in the last year. Over the past several months, DHCD has also been able to increase its diversion rate for families entering shelter from 5% to 20%.

Through the Residential Assistance for Families in Transition (RAFT) program, DHCD has been able to prevent 6,000 families from becoming homeless over the past two years. In addition, through the HomeBASE program, approximately 1,000 families were diverted from shelter and more than 4,000 families were placed in permanent housing with ongoing stabilization services over the past two years.

Since August, DHCD has been issuing approximately 1,000 new Massachusetts Rental Voucher Program (MRVP) vouchers under the Fiscal Year 2015 budget appropriation. The Patrick Administration has greatly expanded MRVP from approximately \$35 million to \$70 million and has issued more than 3,000 new vouchers over the past two years, representing the first new MRVP vouchers in nearly 25 years.

A November 2014 report by the National Center on Family Homelessness ranked Massachusetts third overall for preventing and addressing child homelessness, and second nationally for its state policies and initiatives.



**MRVP:** The Mass Rental Voucher Program continues to see major expansion in FY15. The FY15 budget provided \$70 million to the program to fund several new initiatives that will not only allow DHCD to serve additional households with vouchers, but will help preserve affordable housing project-based units and spur additional housing development. These are:

- Expansion of Mobile (Tenant-based) Vouchers:

Local Housing Authorities and the Regional Administering Agencies (RAAs) are currently working hard to issue more than 1,000 additional tenant-based vouchers this fiscal year. This includes nearly 800 vouchers that had been “frozen” from previous cuts, allowing the program to achieve full utilization of its voucher allocation for the first time since 2008. In addition, DHCD is committing an additional 200 vouchers to areas underserved by MRVP. Of these, 125 vouchers will be targeted to Cape Cod and 75 to the MetroWest area. While the LHAs are able to draw from state-aided public housing wait lists, the RAAs needed to establish wait lists for MRVP, which has been completed. DHCD is also in the process of awarding 75 mobile vouchers to participants in the Secure Jobs Initiative.

- Expansion of Project-Based Vouchers (PBV):

170 PBVs are being committed to housing development rounds this year. These PBVs, with additional Housing Development funds, will continue to feed the production pipeline for more affordable housing throughout the state. Additionally, 150 PBVs have been committed to DHCD’s FY15 Supportive Housing Round. This is the second year DHCD has been able to award supportive housing funds from the Housing Preservation and Stabilization Trust Fund. The PBVs to be awarded will include funding to pay for supportive services to program participants. DHCD has also awarded 30 PBVs to the New Lease for Homeless Families program to expand their reach in providing units to families exiting EA shelters.

- Preservation Strategies:

DHCD has been working closely with MassHousing on preservation strategies for the 13A Portfolio. The affordability restrictions on this portfolio, which includes more than 5,000 units, are expiring through 2020. The 13A portfolio includes approximately 1,000 MRVP project-based units. DHCD is committing \$2 million this year for the MRVP units to increase allowable rent levels (the tenant will continue to pay the same rent). A rent increase is the first step of a comprehensive strategy to preserve as much of the portfolio as possible.

Similarly, it has been many years since there has been an increase for the rest of the MRVP PBV portfolio. DHCD is committing \$2.75 million in FY15 funds to increasing project-based rents (without increasing tenant share of rent) to preserve these units as affordable. We are currently analyzing the portfolio and will be rolling out this initiative in early 2015.



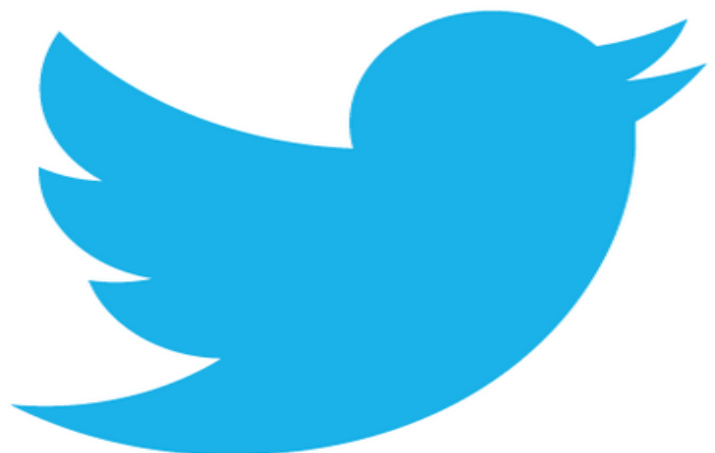
**LIHEAP:** The Low Income Home Energy Assistance Program (LIHEAP), also known as Fuel Assistance, began accepting applications for this winter's program on November 1. LIHEAP assists low-income individuals and families with the cost of heating their homes during the winter season. DHCD has managed the program for 37 years in conjunction with 22 regional nonprofits and local government organizations. Eligibility for the program is based on household size and the gross annual income of every household member 18 years of age or older. Maximum income eligibility for Fuel Assistance is 60 percent of the estimated State Median income.

Currently, the maximum benefit for deliverable fuel is \$1,025, and \$700 for a utility-heated household. This two-tiered structure addresses cost differentials between delivered fuels (such as heating oil, kerosene or propane), and utility-provided heat (electricity or natural gas). Further, it ensures a minimum delivery of 100 gallons of heating oil to LIHEAP households, since most delivered fuel companies will not make a delivery of less than 100 gallons.

In FY14, approximately 230,000 households applied for LIHEAP assistance, with more than 190,000 households receiving benefits. Massachusetts was awarded \$131.79 million for this fiscal year by the U.S. Department of Health and Human Services, and expects to serve approximately the same number of households as it did in FY14.

Massachusetts uses a single application for LIHEAP, Heating Emergency Assistance Retrofit Task Weatherization Assistance Program (HEARTWAP) and Weatherization Assistance Program (WAP). LIHEAP eligibility also provides the opportunity for access to investor-owned utility company administered weatherization, utility discounts and arrearage management programs. Thanks to this coordination, LIHEAP is a high-impact benefit for many low income households in the Commonwealth. Historically, the average LIHEAP benefit has covered

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**HILAPP:** Since launching in May 2013, the High Leverage Asset Preservation Program (HILAPP) has awarded over \$37 million in bond funds to preserve and modernize nearly 1,000 state –funded public housing units across 19 developments statewide. This \$37 million has leveraged \$73 million from non-DHCD sources.

The program requires that each project secure non-DHCD funding and is limited to housing developments where at least 15 percent of the site or building components have exceeded their useful life, ensuring that DHCD makes strategic investments in the state public housing portfolio. The program is guided by the following core principles:

- (1) Preserve as many units as possible;
- (2) Prioritize developments with significant capital needs that cannot sufficiently be addressed with annual awards of Formula Funding;
- (3) Prioritize developments in communities with the highest need for low income housing; and
- (4) Leverage as much capital as possible from sources other than DHCD.

After two successful rounds of funding, DHCD announced this Fall that HILAPP has begun accepting project proposals on a rolling basis. This means that local housing authorities may propose projects at any time during the year as funds become available.

Funding permitting, DHCD intends to distribute \$75 million between FY14 and FY18. To date, DHCD has committed approximately 50 percent of this allotment, funding projects that range in scope from

modest modernization in Provincetown to complete redevelopment in Cambridge.

Early this month, Undersecretary Gornstein attended a celebratory event at the Fitchburg Housing Authority, which received a \$200,000 Round Two HILAPP grant in October. The award will pay for planning and predevelopment costs for \$14 million in capital improvements at Green Acres, including improved accessibility to office and tenant programs, new parking, site lighting and security cameras.



December 5, 2014 - Undersecretary Gornstein celebrates with the Fitchburg Housing Authority, community stakeholders and tenants at Green Acres.

**COMMUNITY INVESTMENT TAX CREDIT PROGRAM:** Launched this year, the Community Investment Tax Credit Program (CITC) has allocated \$3 million in tax credits to 36 certified community development corporations (CDCs) and two community support organizations (CSOs). Utilizing a 50 percent tax credit for investors, the program strives to enable and encourage collaboration between CDCs and local residents and stakeholders to improve economic opportunities for low- and moderate-income households in the areas they serve. The inaugural year has been an exciting one across the Commonwealth for the CITC program.

Leveraging \$6 million dollars from the program, CDC's will utilize this investment to augment community development work and enhance economic conditions in rural, suburban and urban communities throughout the Commonwealth. CDC's report that benefits are already being realized as CITC investments have directly contributed to increases in small business assistance programs, homebuyer programs, financial education programs, increased affordable housing and mixed-use development projects, physical improvements in the community and job creation. Additionally, CDCs report increased organizational capacity and new collaborative partnerships resulting from participation in the CITC program.

The benefits of collaboration have not been limited to the CDC's. At an administrative level, a near seamless implementation of the program was the direct result of both inter-agency and public/private collaborations. The Department of Revenue and the Department of Public Health played key roles in assisting DHCD with the implementation and promotion of CITC. Additionally, the Massachusetts Association of Community Development Corporations and Local Initiatives Support Corporation provided tremendous support to the participating CDCs.

The future appears strong for CITC as interest in the program continues to grow. During the most recent application round, DHCD received an increased number of applications from both returning and new applicants seeking a significant increase in tax credits for 2015. Similarly, the agency continues to receive inquiries from CDCs seeking State certification so that they may participate in the program.

As the program progresses, collaborations will continue to develop and investments into CDCs and CSOs will continue to increase. As they do, the Commonwealth will undoubtedly become aware of the impact that CITC-related investments have on expediting improved economic vitality and community development progress in once struggling communities.

*Wishing you and yours a  
wonderful holiday season and a  
prosperous New Year!*